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News Release

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Official International Reserves

The Department of Finance announced today that Canada's official international reserves decreased by an amount equivalent to US$538 million during August to US$35,853 million.

Details on the level and composition of Canada's reserves as of August 31, 2006, as well as the major factors underlying the change in reserves, are provided below. All figures are in millions of US dollars unless otherwise noted.

Foreign Currency Reserves

Securities	29,989
Deposits	3,748
Total securities and deposits (liquid reserves)	33,737
Gold[1]	68
Special drawing rights (SDRs)	949
Reserve position in the IMF	1,099
Total: August 31, 2006	35,853
July 31, 2006*	36,391
Net change	-538

Details on Deposits

Other central banks/Bank for International Settlements		784
Banks headquartered in Canada		0
Of which: located abroad	0	
Banks headquartered abroad		2,964
Of which: located in Canada	0	
Total		3,748

Details of Net Change

Reserves management operations[2]	-804
Gains and losses on gold sales	0
Net investment gains and losses	
Return on investments[3]	270
Foreign currency debt charges	-47
Revaluation effects[4]	42
Net government operations[5]	0
Official intervention	0
Other transactions[6]	1
Net change	-538

Currency Composition of Deposits and Securities

US dollars	17,010
Euro	16,213
Yen	514
Total	33,737

* The total official international reserves figure for July 2006 has been restated from US$36,395 million to US$36,391 million. See the footnote at the end of this document for further information (page 4).

Government of Canada / Gouvernement du Canada

Canada

Predetermined Short-Term Drains on Foreign Currency Reserves (Nominal Value)

		0-1 month	1-3 months	3-12 months	Total
Foreign currency securities[7]	Principal	-1,281	-1,103	-1,678	-4,062
	Interest	-62	-213	-1,115	-1,390
Aggregate short forward positions in foreign currencies vis-à-vis Canadian dollar		0	0	0	0
Aggregate long forward positions in foreign currencies vis-à-vis Canadian dollar		0	0	0	0
Total net drains		-1,343	-1,316	-2,793	-5,452

Additional Information (Nominal Value)

Undrawn, unconditional credit lines with banks headquartered outside Canada	6,000
Securities lent under repurchase agreements[8]	-2,349
Securities held under repurchase agreements[9]	1,666
Financial derivatives assets (net, marked to market)	
Forwards	0
Swaps	3,333

Notes:

1. There were no sales of gold settled in August. On August 31, gold holdings stood at 0.1 million ounces. The valuation is based on the August 31, 2006, London p.m. fix of US$623.50 per ounce.
2. Net change in securities and deposits resulting from foreign currency funding activities of the Government. (Issuance of foreign currency liabilities used to acquire assets increases reserves, while maturities decrease reserves). During August, a global bond of US$1,000 million matured. In addition, Canada bills increased by US$196 million to a level of outstanding bills of US$1,804 million.
3. "Return on investments" comprises US$107 million of interest earned on investments and a US$163-million increase in the market value of securities resulting from changes in interest rates.
4. "Revaluation effects" reflect changes in the market value of reserve assets resulting from movements in exchange rates.
5. "Net government operations" are the net purchases of foreign currency for government foreign exchange requirements and for additions to reserves.
6. Related to securities assumed by the Government of Canada, following the privatization of Petro-Canada in July 1991, and the subsequent dissolution of Petro-Canada Limited in 2001.
7. "Foreign currency securities" include maturities of foreign currency debt, cross-currency swap payments and an estimate of interest payments on foreign currency liabilities.
8. "Securities lent under repurchase agreements" are included in total reserves. Collateral provided in securities-lending transactions is not included in total reserves.
9. Cash invested under repurchase agreements is included in total reserves. Collateral provided in securities-lending transactions is not included in total reserves.

Future Release Dates

The next release is October 4, 2006 (covering the period September 2006).

A list of upcoming release dates is posted on the Department of Finance website located at www.fin.gc.ca/invest_x/releaseDates_e.asp.

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For further information on the Exchange Fund Account, please consult the 2004 *Report on the Management of Canada's Official International Reserves*, located at www.fin.gc.ca/toce/2005/oir05_e.html.

If you would like to receive automatic e-mail notification of all news releases, please visit the Department of Finance website at www.fin.gc.ca/scripts/register_e.asp.

Official International Reserves (10-Year Synopsis)

	US dollars	Other currencies	Gold	SDRs	IMF position	Total
			(millions of US dollars)			
August 31, 2006	17,010	16,727	68	949	1,099	35,853
July 31, 2006*	17,712	16,572	69	942	1,096	36,391
June 30, 2006*	17,671	16,143	67	939	1,092	35,912
May 31, 2006*	17,846	15,715	71	949	1,103	35,684
April 30, 2006	18,660	14,997	70	931	1,058	35,716
March 31, 2006	20,204	13,812	63	917	1,038	36,034
February 28, 2006	16,707	13,974	61	908	1,034	32,684
January 31, 2006	16,813	14,135	62	907	1,042	32,959
December 31, 2005	16,842	13,822	56	897	1,401	33,018
November 30, 2005	16,646	14,566	54	894	2,039	34,199
October 31, 2005	16,909	14,214	51	898	2,142	34,214
September 30, 2005	16,725	13,824	52	900	2,098	33,599
August 31, 2005	16,878	14,354	47	907	2,113	34,299
Dec. 31, 2004	14,426	15,740	48	925	3,327	34,466
Dec. 31, 2003	15,575	15,961	45	838	3,848	36,267
Dec. 31, 2002	17,946	14,739	205	712	3,567	37,169
Dec. 31, 2001	19,748	10,736	291	614	2,859	34,248
Dec. 31, 2000	21,692	7,327	323	574	2,508	32,424
Dec. 31, 1999	18,838	5,594	524	526	3,164	28,646
Dec. 31, 1998	15,907	4,004	122	1,097	2,297	23,427
Dec. 31, 1997	14,630	492	146	1,126	1,575	17,969
Dec. 31, 1996	17,521	507	155	1,168	1,227	20,578
Dec. 31, 1995	12,127	502	178	1,177	1,243	15,227

* The total official international reserves figures from May to July 2006 have been restated. The magnitude of the restatements is minor. The market valuation of US-dollar-denominated securities held as part of Canada's reserves has been adjusted.